Examining the Mediating Effect of Employee Engagement on the relationship between Talent Management Practices and Employee Retention in the Information Technology Organizations in Kathmandu

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Abstract

Kathmandu valley has seen a surge in IT company establishments over the past few years which is driven by various factors. With the increase in number of businesses providing IT services, employees working in this sector are now presented with options and incentives to switch between organizations more frequently than ever before. As failing to retain employees can cause significant loss to an organization, it has come up as a challenge for IT organizations in Kathmandu to come up with ways to retain their employees.

The major objective of this research is to analyze the relationship between various talent management practices (managerial support, employee career development, and rewards and recognition) and employee retention. Additionally, analyze the mediating effects of employee engagement on the relationship between talent management practices and employee retention. This research helps IT organizations to identify the focus areas which can boost their employee retention.

The survey for the study collected primary data using structured questionnaires. 112 responses were gathered from participants working at various IT companies in the Kathmandu valley. The data collected from the survey was then analyzed using SPSS software. Among the 112 respondents, large percentage of the respondents (83.9%) was male. Also, large numbers of respondents were from age group 25-34 years old (58). Most of the participants (82.1%) had only completed their Bachelor's degree while the rest (17.9%) had also done Master's degree. 77.7% of the respondents were working as full-time employees working 40+ hours a week while 14.3% were working as part time employees which is less than 40 hours a week and the rest 8% were working as freelancers.

Correlation and multiple regression analysis revealed that there is a significant relationship between employee career development and employee engagement. Also, a significant relationship between employee engagement and employee retention was observed. This indicated that employee engagement mediates the relationship between employee career development and employee retention. Results from the study indicate that if employees are provided with adequate talent management practices, especially career development opportunities, their level of engagement is increased and they intend to work in the organization for a longer period of time.

The results provide fresh insight into the area of talent management research, employee engagement and retention of employees.

Keywords: Relationship, Talent Management Practices, Managerial Support, Employee Career Development, Rewards, Recognition.

1 INTRODUCTION

Information Technology (IT) industry has been a booming industry in Nepal, especially in the Kathmandu valley. Over the years, Kathmandu valley has been the location of choice for IT organizations due to various reasons including infrastructure availability and abundance of IT manpower. From small scale IT consulting firms to multinational software service providers, IT industry has seen a steady growth over the years. The credit for the boom in IT industry in Nepal has to be given to the engineers and IT professionals who have been able to provide world class services in a fraction of the cost as compared to foreign IT labor market. Investment must be increased in the

engagement of these employees within the organizations so as to further develop the sector.

1.1 Background

Information Technology is among the biggest potential sector to contribute to Nepal's economy. According to the Federation of Nepalese Chambers of Commerce and Industry [FNCCI] (2019), IT and Business Process Outsourcing (BPO) has been listed by the Government of Nepal as one of the five priority potential export services sectors in the 2010 Nepal Trade Integration Strategy (NTIS). According to a report published in ShareSansar (2014), industry insiders claim that some of the companies have a "huge" annual turnover. The sector is expected to have an annual turnaround of more than Rs 5 billion, according to CP Adhikari who is the coordinator of the Software and BPO Sub-committee of the Computer Association of Nepal (CAN). It is also mentioned in the same report that, the global BPO market is expected to hit 93.4 billion dollars in 2015, up from 71.92 billion dollars in 2010 (ShareSansar 2014).

In order to sustain the growth of the IT industry, the growth of the capabilities of human capital has been identified as a critical component. Satisfied employees are committed to their work. For an organization, more motivated the employees, greater is the productivity and lower the rate of turnover (Parvin & Kabir 2011). Academic research and experience from the industry have shown that strengthening the talent management practices is vital in the initiative to develop this type of human capital. Also, similar to any major growing sector, the role of employee engagement and retention has been well acknowledged as a major factor to attain economic growth in the IT industry.

1.2 Problem Statement

The rapid growth of IT industry in Nepal has brought about challenges and competition within the industry. Employees working in the IT industry now have different options and motivation to switch between companies for different monetary as well as non-monetary incentives. It has been a challenge for the IT companies to better engage their employees within the organization to ensure better retention of the employees. Failing to retain employees is very costly to businesses causing diminished public image, talent drain, increased cost of new hiring, training, etc.

Literature on factors affecting employee retention among IT service industry have identified various variables of employee satisfaction, employee engagement, talent management, etc to have direct correlation with employee retention. Current literature also indicates that employee engagement is of dynamic nature and hence different people in different context might have a very different idea of satisfaction and engagement.

In context of Nepal, employee job satisfaction and engagement research have been mostly focused on the banking, health, academic, and other private and public sectors. In a study conducted by Katuwal & Randhawa (2007) regarding job satisfaction among private and public sector Nepalese textile workers, the researchers have identified that employment policy and managerial behaviour towards the employees have been the major factors causing dissatisfaction among the employees.

Another study conducted by Maharjan (2012) focuses on the association between work motivation and job satisfaction among college teachers. The paper concludes that there is a positive relationship between job motivation and satisfaction among the respondants.

Similarly, a paper titled "A Study on Factors Influencing the Job Satisfaction of Bank Employees in Nepal (With special reference to Kathmandu, Lalitpur, and Bhaktapur District)" by Neupane (2019) identifes salary, training and promotion, work environment, and cooperation as the major influencing factors of job satisfaction among bank employees.

A recent study by Manandhar (2020) investigates the impact of multiple variables on job satisfaction of employees working in IT organizations in Kathmandu valley. Career development opportunities through training and development programs, managerial support through positive supervisor relationship, work environment, reward and recognisition through performance appraisal has been identified in his paper as the most significant factors affecting employee's job satisfaction in IT organizations in Kathmandu valley.

Extensive search of literature revealed that, while factors affecting employee engagement and employee retention have been conducted, the actual effect of engagement practices on the

relationship between these various factors, is missing in context of Nepal. However, a research on a similar topic has been conducted in context of the Malaysian IT industry by Nurul Ezaili Alias, Norzanah Mohd Noor, and Roshidi Hassan which was published in the Journal of Human Resources Management and Labour Studies on June 2014, Volume 2. With extended review of research literatures, the author sets out to follow a similar design of testable hypothesized model linking between talent management practices, employee engagement and employee retention.

This research seeks to contribute to the literature regarding the relationship between talent management practices (managerial support, employee career development, and reward and recognitions), employee engagement and employee retention (Alias, Noor & Hassan 2014) in the selected IT organizations in Kathmandu.

1.1 Objectives

The general objective of the research is to determine the relationship between talent management practices, employee engagement and employee retention in context of IT organizations in Nepal.
Following are the specific objectives:

- To examine whether there is a significant relationship between talent management practices and employee engagement.
- To examine whether there is a significant relationship between employee engagement and employee retention.
- To examine the mediating effect of employee engagement on the relationship between talent management practices and employee retention.

1.2 Research Questions

Following are the research questions for the study:

- Is there a significant relationship between talent management practices and employee engagement?
- Is there a significant relationship between employee engagement and employee retention?
- What is the mediating effect of employee engagement on the relationship between talent management practices and employee retention?

1.3 Hypothesis

According to previous empirical studies in the related subject matter, following hypothesis has been developed:

H1: There is a significant relationship between talent management practice (managerial support) and employee engagement.

H2: There is a significant relationship between talent management practice (employee career development) and employee engagement.

H3: There is a significant relationship between talent management practice (rewards and recognitions) and employee engagement.

H4: There is a significant relationship between employee engagement and employee retention.

H5: Employee engagement mediates the relationship between talent management practice (managerial support) and employee retention.

H6: Employee engagement mediates the relationship between talent management practice (employee career development) and employee retention.

H7: Employee engagement mediates the relationship between talent management practice (rewards and recognitions) and employee retention.

1.4 Significance

One of the top industries that face the issue of talent turnover is the IT industry. According to the study conducted by Booz (2018) on data from one of the world's largest professional network on the Internet, LinkedIn, based on LinkedIn's data on half-a-billion professionals, "our analysis finds a worldwide turnover rate of 10.9%, defined as the percent of LinkedIn members who indicated they left a company in 2017. Tech companies (software, not hardware) had the most turnover over in 2017 with a 13.2% rate (Booz 2018)". In his study, Booz (2018) mentions a survey of over 10,000 people

who recently changed jobs to see why they left; where 41% of the people who jumped pointed out that the reason included being unhappy with leadership".

While the exact figure from the Nepal's IT industry is missing, employee turnover issue in the Nepalese IT industry is well apparent. The findings of this research will be helpful for the IT industry in Nepal to better manage and retain the human resources which will eventually contribute to the economic growth of the industry. This research will provide a better perspective in the field of study of talent management, employee engagement and employee retention especially in context of developing countries like Nepal.

This study considers five different variables and their interrelations to examine the mediating effect of employee engagement on the relationship between talent management practices and employee retention. Only respondents working in IT industry within Kathmandu valley were considered for this study as Kathmandu has been well established as the IT hub of Nepal.

1.5 Limitations

Following are the limitations of the study:

- Other independent variables for measurement of talent management which are not a part of this research might have significant effect on employee retention.
- The research considers sample from IT organizations in Kathmandu which may not be enough to infer a conclusion for Nepal's IT industry as a whole.
- The results of the study may not be accurate due to biases of the respondents.
- The number of participants and the number of variables chosen for study may be relatively small, limiting the analysis.

2 LITERATURE REVIEW

2.1 Employee retention

Employee retention has been viewed as the key strategic tool to maintain a competitive advantage, especially in the IT industry (Mohlala, Goldman & Goosen 2012). The perks of employee retention, especially in the IT industry, are greater return on investment and increased operational efficiency (Kumar 2012). On the other hand, failure to retain employees can have significant damaging effects to the companies. These effects might include knowledge drain from the company resulting in lasting damage to the profitability of the company (Tseng 2010). It is therefore vital for companies working in this field to understand the consequences of employee loss and invest on finding the ways to retain them.

2.2 Employee engagement

Employee engagement is having been a buzz word in the management literature from the past couple of decades (Kahn 1990). Research has shown that decision to stay in an organization is supported by predetermined employee's commitment to the job. In other words, employee engagement is the key to employee retention (Singh 2017). Employee engagement is also closely related to organizational culture as well as employee's attitudes and behavior (Padmakumar, Gantasala & Prabhakar 2011). The focus of existing researchers has been on solving the issue of employee turnover by focusing on various talent management practices. The result of these practices will be greater employee engagement and therefore greater employee retention.

2.3 Talent management

Talent management is a broad term and varieties of scholars have analyzed different dimensions to it. Lewis & Heckman (2006) have conducted an extensive review of talent management literature and identified three core general concepts in both professional and academic publications. According to their findings, talent can be defined as someone who could make a significant impact on the organizational performance in a short as well as long period of time. Another core finding of Lewis and Heckman (2006) is that talent management comprises of core Human Resource practices such as selection, recruiting, development, and career and succession management. Lastly, one of the significant concerns of Talent management is the flow of human resource throughout the organization

based on workforce skills, supply and demand, growth and attrition.

2.4 Talent management practices and Employee engagement

Talent management strategy within an organization ensures proper management of talented employees within the organization. Apart from that, an effective talent management strategy also incorporates employee engagement. The employee engagement in this context refers to the connection that an employee feels towards the company and the job. This emotional connection is so strong that it motivates the individual to provide additional effort towards the job (Gibbons 2006).

Various studies have shown that talent management practices within an organization lead to employee engagement. Researches exploring the relationship between talent management practice and employee engagement have been done in variety of sectors. For example, research by Piansoongnern & Anurit (2011) in Thai Cement companies show variety of talent management practices like training opportunity and career advancement opportunity as significant factors influencing employee engagement. More recent studies, for example by Lubna & Khan (2018) conducted in NGO sector, have implied that "when an organization manages its talent in best possible way, they will have highly engaged employees." The result of engaging the employees through talent management practices have been observed to be a clear competitive advantage (Yapp 2009). Talent management programs focusing on development, support, rewards and recognition stimulates an environment of employee engagement (Glen 2006). Significant results in wining talented employee's hearts can be expected in organizations that grow to accompany talent management practices (Sweem 2009).

2.5 Managerial Support and Employee Engagement

Managers play a key role in keeping the employees engaged. Every employee expects support from their managers to enable them to fully commit to their job. Effective implementation of talent management practices within the organization also revolves around the roles that the manager's play (Ellehuus 2012). It is up to the managers to create an environment within the organization that fosters passionate culture and growth, not just of the organization but also of the individual employee (Piansoongnern & Anurit 2011). Evidence suggests that managerial support plays an important role in the talent management strategy. While conclusive evidence from developed countries is present in the literature, a significant empirical study from the industries of developing countries is lacking (Jr. et al. 2010).

2.6 Employee Career Development and Employee Engagement

In the past, employee concerns were focused on job security and long-term employment opportunities. However, there has been a change in employee perception and now the employees are more concerned about learning opportunities in the job. This shift has observed with the association of learning to employability (Maamari & Alameh 2016). Observations suggest that the employee career development programs have been used to engage and retain employees in addition to help in career development (Kamil 2011).

2.7 Rewards and Recognitions and Employee Engagement

Lack of proper employee rewards and recognitions can prompt employee burnout (Maslach, Schaufel & Leiter 2001). Appropriate forms of reward and recognition can also lead to more engaged employees. Some of the reward and recognitions prescribed in talent management literature are company benefits, compensations, accommodation, etc. (Jr. et al. 2010). External recognition of work acts as an extrinsic motivation for an employee. This extrinsic motivation helps to increase the level of intrinsic motivation in an employee when institutionalized within the organization. These reward systems have been proven effective to drive the organization towards a desirable outcome state including employee engagement (Liden, Wayne & Sparrowe 2000).

2.8 Employee Engagement and Employee Retention

While the term engagement has a broad meaning, in management studies it relates to an individual's attitudes, intentions, and behaviors (Padmakumar, Gantasala & Prabhakar 2011). Organizational efficiency, productivity, talent retention and hiring are significantly affected by employee engagement

(Bhatnagar 2007). While conclusive research and surveys are present in literature that establishes engaged employees are rooted to their organization, the exact measure of the relationship between employee engagement and retention is missing (Jr. et al. 2010).

2.9 Mediating effects of Employee Engagement

Significant mediating effect of employee engagement has been researched in the past by scholars like Padmakumar, Gantasala & Prabhakar (2011) and (Saks 2006) but only a handful researches can be found on the mediating effect of employee engagement on the relationship between talent management practices and employee retention.

3 RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

This research is a quantitative study which follows a scientific research inquiry. The research is designed to study the relationship between the different variables involved. The data was collected by the researcher through the distribution of structured questionnaire among the determined sample population. The respondents were asked to answer the questionnaire using Likert type scale (1-5). The collected data was analyzed using SPSS software (version 20).

3.2 Research Framework

Managerial support, employee career development, and rewards and recognitions are selected as independent variables to measure talent management practices. Employee engagement is the mediating variable for the study while employee retention is the dependent variable. The research framework is adapted from the work of Nurul Alias, et.al. (2014) as is shown in a figure below:
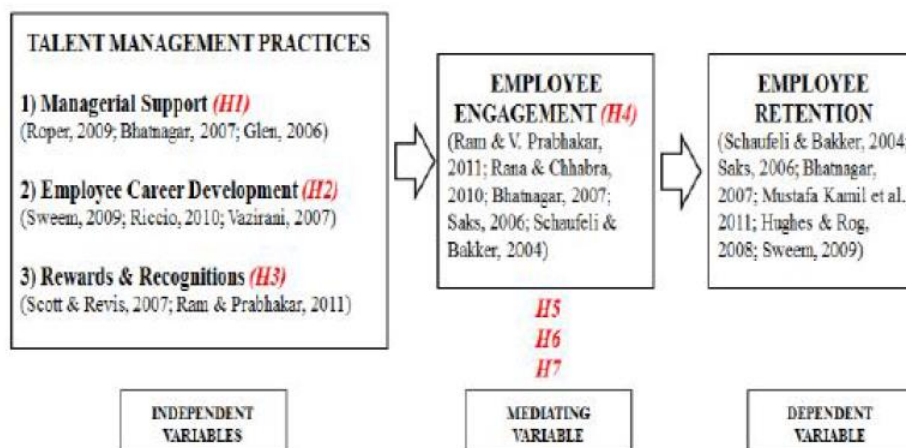

Fig. 1: Research Framework

3.3 Sampling

The sample of the target population was drawn from employees working at various levels in IT companies in Kathmandu. Convenient sampling methodology was adopted from different IT companies operating in Kathmandu. A total of 112 respondents have been taken as sample size for this study.

3.4 Data Analysis

Similar to the research designed by Alias, Noor & Hassan (2014), Pearson correlation analysis was used to perform the associations between the variables and to test the hypotheses. Also, regression analyses were conducted which was helpful to analyze the impact of various independent variables on the dependent variable.

4 DATA ANALYSIS AND FINDINGS OF RESEARCH

4.1 Analysis of Result

In this section, the analysis of the primary data is discussed. Descriptive statistical analysis was

conducted to check the usefulness of the data collected through the survey. Multiple regression analysis has been used to examine the impact of independent variables: managerial support, employee career development, reward and recognition, employee engagement on dependent variable: employee retention.

4.2 Analysis and Findings

The first step of analysis is to check for the normality of the observed values. The output for tests of normality done on the dependent variable: 'Employee Retention' is shown in the following table:

According to the table, the P value (denoted by Sig.) is 0.006 for the distribution. This value is lesser than 0.05, the observed distribution is not normally distributed.

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
EmployeeRetention	.111	112	.002	.966	112	.006

a. Lilliefors Significance Correction

Similarly, while testing the association between talent management practices and employee engagement, employee engagement becomes the dependent variable. So, the output for tests of normality done on the dependent variable: 'Employee Engagement' is shown in the following table:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
EmployeeEngagement	.292	112	.000	.853	112	.000

a. Lilliefors Significance Correction

According to the table, the P value (denoted by Sig.) is 0.000 for the distribution. This value is lesser than 0.05, the observed distribution is not normally distributed.

Although the dependent variables aren't normally distributed, since the sample size is significantly large, it should not be a problem.

4.3 Correlation Analysis

Descriptive Statistics

	Mean	Std. Deviation	N
ManagerialSupport	3.4692	.58193	112
EmployeeCareerDevelopment	3.5300	.60541	112
RewardAndRecognition	3.2779	.56044	112
EmployeeEngagement	3.3772	.59065	112
EmployeeRetention	3.5696	.49298	112

Correlations

		ManagerialSupport	EmployeeCareerDevelopment	RewardAndRecognition	EmployeeEngagement	EmployeeRetention
ManagerialSupport	Pearson Correlation	1	.255**	.235*	.112	.303**
	Sig. (2-tailed)		.007	.013	.239	.001
	N	112	112	112	112	112
EmployeeCareerDevelopment	Pearson Correlation	.255**	1	.097	.540**	.485**
	Sig. (2-tailed)	.007		.310	.000	.000
	N	112	112	112	112	112
RewardAndRecognition	Pearson Correlation	.235*	.097	1	.061	.573**
	Sig. (2-tailed)	.013	.310		.523	.000
	N	112	112	112	112	112
EmployeeEngagement	Pearson Correlation	.112	.540**	.061	1	.474**
	Sig. (2-tailed)	.239	.000	.523		.000
	N	112	112	112	112	112
EmployeeRetention	Pearson Correlation	.303**	.485**	.573**	.474**	1
	Sig. (2-tailed)	.001	.000	.000	.000	
	N	112	112	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.345	3	3.782	14.918	.000[b]
	Residual	27.379	108	.254		
	Total	38.724	111			

a. Dependent Variable: EmployeeEngagement

b. Predictors: (Constant), ManagerialSupport, RewardAndRecognition, EmployeeCareerDevelopment

The correlation table is helpful in studying the direction and strength of the relationship of the independent variables on the dependent variable. The correlation coefficient has a value between +1 to -1. The sign and magnitude of the correlation represent the direction and strength of the association respectively.

The results shown above indicate that the Pearson correlation value for each of the independent variables: 'ManagerialSupport', 'EmployeeCareerDevelopment', 'RewardAndRecognition', 'EmployeeEngagement' are 0.303, 0.485, 0.573, and 0.474 respectively. The results indicate a moderate positive relationship between 'EmployeeRetention' and its affecting factors. The p value (denoted by Sig.) for all the components is less than 0.05 indicating a significant association on a 2-tailed test.

4.4 Regression Analysis

The findings of multiple regression analysis to analyze the effect of talent management practices on employee engagement are shown below:

The model summary table indicates that the value of adjusted R is 0.273 meaning that 27.3% of the total variation in employee engagement is explained by the various independent variables fitted into the model.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541[a]	.293	.273	.50350

a. Predictors: (Constant), ManagerialSupport, RewardAndRecognition, EmployeeCareerDevelopment

The ANOVA table is as follows:

Since the p value (denoted by Sig.) is 0.000 which is less than 0.005, the overall fitted model can be considered adequate.

The coefficients table is as follows:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.550	.416		3.726	.000
	RewardAndRecognition	.016	.088	.015	.184	.854
	EmployeeCareerDevelopment	.534	.082	.547	6.530	.000
	ManagerialSupport	-.031	.087	-.031	-.362	.718

a. Dependent Variable: EmployeeEngagement

The final fitted model is as follows:

EmployeeEngagement = $\beta 0$ + $\beta 1$ RewardAndRecognition + $\beta 2$ EmployeeCareerDevelopment + $\beta 3$

ManagerialSupport

i.e.

EmployeeEngagement = 3.726 + 0.184 RewardAndRecognition + 6.53 EmployeeCareerDevelopment

– 0.362 ManagerialSupport

The p value (denoted by Sig.) for 'EmployeeCareeDevelopment' is significantly lower than 0.005. This

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.474[a]	.225	.218	.43603

a. Predictors: (Constant), EmployeeEngagement

indicates that dependent variable 'EmployeeEngagement' is significantly affected by employee career development opportunities. Also, reward and recognition, and managerial support do not make significant contribution towards employee engagement.

Next, the findings of multiple regression analysis to analyze the effect of employee engagement on employee retention are shown below:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.063	1	6.063	31.889	.000[b]
	Residual	20.914	110	.190		
	Total	26.977	111			

a. Dependent Variable: EmployeeRetention

b. Predictors: (Constant), EmployeeEngagement

The model summary table indicates that the value of adjusted R is 0.218 meaning that 21.8% of the total variation in employee engagement is explained by the various independent variables fitted into the model.

The ANOVA table is as follows:

Since the p value (denoted by Sig.) is 0.000 which is less than 0.005, the overall fitted model can be considered adequate.

The coefficients table is as follows:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.233	.240		9.298	.000
	EmployeeEngagement	.396	.070	.474	5.647	.000

a. Dependent Variable: EmployeeRetention

The final fitted model is as follows:

EmployeeRetention = β0 + β1 EmployeeEngagement
i.e.

EmployeeRetention = 9.298 + 5.647 EmployeeEngagement

The p value (denoted by Sig.) for 'EmployeeEngagement' is 0.000 which is significantly lower than 0.005. This indicates that dependent variable 'EmployeeRetention' is significantly affected by employee engagement.

Similarly, the findings of multiple regression analysis to analyze the effect of talent management practices on employee retention are shown below:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721[a]	.520	.507	.34622

a. Predictors: (Constant), RewardAndRecognition, EmployeeCareerDevelopment, ManagerialSupport

The model summary table indicates that the value of adjusted R is 0.507 meaning that 50.7% of the total variation in employee retention is explained by the various independent talent management variables fitted into the model.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.031	3	4.677	39.019	.000[b]
	Residual	12.946	108	.120		
	Total	26.977	111			

a. Dependent Variable: EmployeeRetention

b. Predictors: (Constant), RewardAndRecognition, EmployeeCareerDevelopment, ManagerialSupport

The ANOVA table is as follows:

Since the p value (denoted by Sig.) is 0.000 which is less than 0.005, the overall fitted model can be considered adequate.

The coefficients table is as follows:

The final fitted model is as follows:

EmployeeRetention = β_0 + β_1 RewardAndRecognition + β_2 EmployeeCareerDevelopment + β_3 ManagerialSupport

i.e.

EmployeeRetention = 2.324 + 7.501 RewardAndRecognition + 6.031 EmployeeCareerDevelopment + 1.072 ManagerialSupport

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.665	.286		2.324	.022
	ManagerialSupport	.065	.060	.076	1.079	.283
	EmployeeCareerDevelopment	.339	.056	.416	6.031	.000
	RewardAndRecognition	.453	.060	.515	7.501	.000

a. Dependent Variable: EmployeeRetention

The p value (denoted by Sig.) for reward and recognition, and employee career development is significantly lower than 0.005. This indicates that dependent variable 'EmployeeRetention' is significantly affected by reward and recognition, and employee career development opportunities. Also, managerial support does not make a significant contribution towards employee retention.

For a significant direct effect of the predictor variables to the outcome variable, three conditions of direct effect must be fulfilled before conducting further mediation analysis (Alias, Noor & Hassan 2014):

- X significantly predicts Y
- X significantly predicts M
- M significantly predicts Y

Since only talent management practice (employee career development) fulfills the three criteria, only 'EmployeeCareerDevelopment' predictor variable is allowed for further mediation analysis. Further, the above findings confirm the direct effect between talent management practice (employee career development) – employee engagement – employee retention was significant.

The findings from multiple regression analysis for all of the variables are shown in the following table:

The value of adjusted R square is 0.566 as per the model summary which implies that 56.6% of the total variation in employee retention is explained by the various independent variables fitted into the

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763[a]	.582	.566	.32461

a. Predictors: (Constant), ManagerialSupport, EmployeeEngagement, RewardAndRecognition, EmployeeCareerDevelopment

model. The standard error of the estimate is 0.32461 meaning that the average variation of the observed employee retention measure around the fitted line is 0.32461.

The ANOVA table is as shown below:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.702	4	3.926	37.255	.000[b]
	Residual	11.275	107	.105		
	Total	26.977	111			

a. Dependent Variable: EmployeeRetention

b. Predictors: (Constant), ManagerialSupport, EmployeeEngagement, RewardAndRecognition, EmployeeCareerDevelopment

According to the ANOVA table, the p value (denoted by Sig.) is 0.000. Since the p value is less than 0.05, the overall fitted model can be considered adequate.

The coefficients table is as follows:

The final fitted model is as follows:

$EmployeeRetention = \beta_0 + \beta_1 \, EmployeeEngagement + \beta_2 \, RewardAndRecognition + \beta_3 \, EmployeeCareerDevelopment + \beta_4 \, ManagerialSupport$

i.e.

$EmployeeRetention = 0.99 + 3.982 \, EmployeeEngagement + 7.929 \, RewardAndRecognition + 3.328 \, EmployeeCareerDevelopment + 1.289 \, ManagerialSupport$

The p value (denoted by Sig.) for 'EmployeeEngagement', 'RewarAndRecognition', and 'EmployeeCareeDevelopment' is significantly lower than 0.005. This indicates that dependent variable 'EmployeeRetention' is significantly affected by employee engagement, reward and recognition, and employee career development opportunities.

Based on the analysis above, hypothesis H2, H4, and H6 are accepted while H1, H3, H5, and H7 are rejected.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.282	.285		.990	.324
	EmployeeEngagement	.247	.062	.296	3.982	.000
	RewardAndRecognition	.449	.057	.510	7.929	.000
	EmployeeCareerDevelopment	.207	.062	.254	3.328	.001
	ManagerialSupport	.072	.056	.085	1.289	.200

a. Dependent Variable: EmployeeRetention

5 Discussion and Conclusion

The general objective of the research is to determine the relationship between talent management practices, employee engagement and employee retention in context of IT organizations in Nepal. Results from the study indicate that if employees are provided with adequate talent management practices, especially career development opportunities, their level of engagement is increased and they intend to work in the organization for a longer period of time.

The results of this research differ from results of research conducted by Alias, Noor & Hassan (2014) particularly on the relationship of managerial support, and rewards and recognition to employee engagement. While Alias, Noor & Hassan (2014) reported a significant relationship between managerial support, and rewards and recognition towards employee engagement, no such significant relationship was found in context of IT industry in Kathmandu. However, the direct mediating effect of employee engagement on the relationship between employee career development and employee retention was consistent with the findings by Alias, Noor & Hassan (2014).

The takeaway for managers from the results of this study is that employee career development opportunities and perception of fair and just reward and recognition system is vital for employee retention. Engaged employees tend to remain at the organization. And, employee engagement can be boosted through better career development opportunities at the organization. The results provide fresh insight into the area of talent management research, employee engagement and retention of employees.

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